

Paying for Useless Advice to Resolve Information Overload

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Abstract: Advisors are a fundamental part of contemporary financial decision-making, corporate development, and legal matters - for better or worse. We examined the factors that influence people's reliance on and willingness-to-pay for advisors in two experiments. Unknown to the participants, the advisor's advice was random. The factors we investigated include set size and advisor payment schemes (e.g., fixed price or commission). In general, our results suggest that people with larger set sizes are more willing to ask for and pay more for advice. However, they were not necessarily willing to take the advice. This suggests that when people had more alternatives, they face a need to seek help but not necessarily follow the requested help. Additionally, those who had larger set sizes made more choices for alternatives without sampling or advisor suggestion. This may indicate a further influence of information overload ('let fate decide').